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SUBJECT: Jordan's Public Debt: Government Continues to Make Progress

1. Summary: According to a Ministry of Finance quarterly bulletin on Jordan's total public debt at end of March 2004 stood at \$9.84 billion GDP for 2004, down from a figure as high as 111% in 1999. Of the total 76%, \$7.47 billion, consists of foreign obligations. Foreign debt service was \$241 million, of which \$197.3 million was for principal payments.

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Foreign vs. domestic debt  
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2. According to this new bulletin, Jordan's total public debt stands at \$9.84 billion. Of this total, JD 5.296 billion (\$7.47 billion) is for foreign obligations (76% of the total), and JD 1.68 billion (\$2.37) is for domestic obligations (24%). Loan guarantees are 2.3% of the total public debt, and are included in foreign obligations numbers. As a percentage of GDP, total public debt is 92.0% of GDP for 2004; it was 101.5% and 100.5% for 2003 and 2002, respectively, and was as high as 111% in 1999. (Comment: The GDP figure used in the debt/GDP estimate for 2004. It assumes that Jordan continues to follow its privatization schedule, including privatizing the electricity generation company.)

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Debt Servicing  
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3. Foreign debt servicing for Q1 2004 was JD170.8 million (\$241 million). JD139.9 million (\$197.3 million) was for payments toward principal and JD30.9 million was for interest payments. Fortunately for Jordan, 56.1% of foreign obligations are at fixed interest rates.

Of the public debt:

- 56% is at fixed interest rates;
- 37.6% is subject to 2% or lower interest rates;
- 30% is subject to 2-4% interest rates;
- 19.8% is subject to 4-6% interest rates; and
- 12.6% is subject to interest rates higher than 6%.

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Maturity  
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4. As of March 31, 2004, maturities of public debt were:

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  - 46.6% at 20 years or longer;
  - 42.5% within 15-20 years;
  - 10.5% within 5-15 years; and
  - 0.4% within 5 years

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Breakdown by currency  
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5. As of March 31, 2004, obligations of public debt by currency were:

- 28.9% in US Dollars;
- 22.6% in Japanese yen;
- 19.9% in Euros;
- 10.2% in Kuwaiti Dinars;
- 8.2% in Pounds Sterling;
- 3.7% in other currencies; and
- 6.4% in SDRs.

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Breakdown by source  
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6. As of March 31, 2004, obligations of public debt by source were:

- 31.1% to industrial countries Non-Official Development Assistance
- 30.3% to industrial countries Official Development Assistance loans
- 31.3% to multilateral institutions;
- 5.5% to Arab funds; and
- 1.8% to other sources.

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Domestic Debt  
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7. As of March 31, 2004, obligations of domestic debt were in the following instruments:

- 42.2% in T-Bonds;
- 28.9% in T-Bills;
- 28.9% in T-Bills;

-- 16.2% as Central Bank extraordinary advances;  
-- 6.8% from banking and non-banking sources; and  
-- 5.1% development bonds.

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Comment  
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8.The local Arabic daily Al-Arab Al-Yawm quoted the Prime Minister as asserting that Jordan would repay its debt obligations by the end of contacted by ECON FSN, officials at the Prime Minister's office said had been misquoted and what he had actually said was that Jordan would repay its debt by 2007 as required under its commitments to lenders.

19. Jordan's improving debt situation is another indication of Jordanian economy. With trade booming, growth estimates being revised inflation staying under control, Jordan is enjoying the results of economic continued firm control over government expenditures and improved tax End Comment.

10.Note: The new quarterly on debt is in addition to the Ministry's bulletin. Both are available on the Ministry's website: [www.mof.gov.j](http://www.mof.gov.j)

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